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From Experiment to Infrastructure: Tokenisation, Stablecoins and the Next Phase of Institutional Finance

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Tokenisation, stablecoins and institutional decentralised finance (or "DeFi") are no longer niche topics. They are becoming part of a broader conversation about how financial markets may operate in the coming years.

What is changing is not simply the format of assets. It is the architecture around them.

Tokenisation gives institutions a way to represent securities digital infrastructure that can support greater speed, visibility and automation. This has clear benefits in markets where settlement friction, operational complexity and collateral inefficiency persist in traditional platforms.

However, the availability of tokenised assets alone does not create an institutional market. For this to develop, there also needs to be a reliable mechanism for effecting tokenised asset transactions,– which enables settlement, supports liquidity and allows transactions to complete within the asset's native environment.

Institutional participants are now looking more closely at the various use-cases for blockchain-based infrastructure. This technology would be particularly valuable if it could be practically applied across funds, treasury operations, collateral management, private markets and payments. At the same time, institutional DeFi is beginning to take shape in a form that looks very different from the early iterations of decentralised finance. Permissioning, governance, compliance controls and counterparty standards are no longer side issues. Prospective participants must consider them seriously before engaging in related activity.

The commercial case for blockchain-based infrastructure is easy to state: (i) more efficient settlement; better collateral mobility; (iii) greater programmability; and (iv) reduced reliance on fragmented intermediated processes. The harder question is whether those outcomes can be achieved in a way that is legally sound and operationally credible. That is where the real work begins. What rights does the token actually represent? How is title transferred? What does control mean in a distributed environment? Who bears responsibility where smart contracts perform critical functions? How should custody, insolvency risk, settlement finality and enforceability be assessed? Which regulatory regimes are engaged when a product touches securities, payments, banking, derivatives or fund structures at the same time? These questions are whether a structure is durable.

In our view, the institutions best positioned in this area will be those that approach digital asset infrastructure with the same discipline they would apply to any other market development: careful legal analysis, clear allocation of risk, robust documentation and a realistic understanding of regulatory perimeter issues across jurisdictions.

The market is moving into a more serious phase. The conversation is becoming less about whether tokenisation and stablecoin-based infrastructure are theoretically useful, and more about how they can be implemented in a way that institutions, regulators and counterparties can rely on. The future of digital finance will not be defined by rhetoric around disruption alone. It will be shaped by whether new infrastructure can deliver the standards of legal certainty, governance and operational resilience that institutional markets require.

That is likely to be the real test for tokenisation, stablecoins and institutional DeFi in the months and years ahead.

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